



# The Impact of the One Town One Product (R.A 11960) Program on Small and Medium Enterprises in the City of Cabanatuan, Nueva Ecija, Philippines

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**Abstract**— This study looked at how the "One Town, One Product" program, under Republic Act 11960, affects small and medium businesses in Cabanatuan City, Nueva Ecija, Philippines. Cabanatuan is well-known as a major business hub and is often called the Tricycle Capital of the Philippines. To see if the program is working, the researchers used a survey to gather data from business owners registered with the Department of Trade and Industry. A standard statistical methods was used to see how well owners understand the program and what kind of real-world impact it has on their businesses. The results showed that the program did not work out as well as the researchers originally expected. While business owners know how to physically set up a local product center, they do not truly understand the program's overall mission and goals. Their actual awareness is only at a middle level. Because of this lack of understanding, the program is not giving businesses a major boost. Business owners explained that tough market competition is still their biggest problem. They also shared that the government's rules are too hard to follow, the program does not bring in much extra money, and it has not done much to make local products better or easier for customers to find. The study also showed a very clear link between these two issues: the less a business owner understands the program, the less their business benefits from it. Because the training and information have been limited, the program's positive impact is stuck at a very average level. To fix this, the Department of Trade and Industry and the local city government need to work together more closely. They should start clear information campaigns so business owners truly understand how the program can help them. They also need to provide better business mentoring, build product centers in busy areas where a lot of people shop, and help local owners sell their goods online. Finally, the government should offer simple business training and low-interest loans so these local small businesses can handle the rules, save money, and successfully compete in the modern market.

**Keywords**— One Town One Product, Small Businesses, Cabanatuan City, Program Evaluation, Government Support.



## I. INTRODUCTION

Cabanatuan, officially the City of Cabanatuan is a city in the province of Nueva Ecija, Philippines. It is the largest city in Nueva Ecija, and 5th in Central Luzon. The city is popular for being the home of tricycles. It prides itself as the

"Tricycle Capital of the Philippines" and its strategic location along the Cagayan Valley Road has made the city a major economic center in Nueva Ecija and nearby provinces in the region such as Aurora and Bulacan. It has earned the moniker "Gateway to the North" (League of

Cities of the Philippines, 2010). Cabanatuan as the largest urban place in the province of Nueva Ecija is an ideal place to put up business due to the presence of several higher institutions and big universities (BalinkBayan, n.d.).

Micro and small enterprises (MSEs) play a crucial role in driving economic growth, job creation, and poverty reduction, particularly in developing nations. These adaptable entities bolster economies, enhance employment opportunities, and fortify resilience against market fluctuations (Tawingan, 2024).

Globally, the ONE TOWN, ONE PRODUCT (OTOP) PHILIPPINES is a priority stimulus program for Micro, Small and Medium-scale enterprises (MSMEs) as government's customized intervention to drive inclusive local economic growth. OTO is an international program that originated from Japan's One Village, One Product. Its various versions and iterations in numerous countries are proofs that it is a viable branding and stimulus program for MSMEs (Department of Trade and Industry, 2019). The success of the program in other countries led the Philippine government to implement this program in the Philippines. The OTO was implemented to empower economic growth and promote the development of local products. The OTO Philippines supports micro, small and medium enterprises (MSMEs) to manufacture, offer and market distinctive products or services through the use of indigenous raw materials and local skills and talents. It promotes and creates jobs. Through OTO, local chief executives of each city and municipality take the lead in identifying, developing and promoting a specific product or service, which has a competitive advantage (GOVPH, n.d.).

The OTO approach is an effective way to empower local communities, boost local products, promote inclusive economic growth, and encourage entrepreneurship in the country (Go Official Website, 2023). By exploiting local resources and expertise, generating value-adding activities through the branding of local products, and developing human resources in the local economy, OTO development is considered a strategy to improve local communities' entrepreneurial skills (Fulay A.D. et.al, 2023). People's involvement in product development not only promotes economic growth but also highlights individuals' originality, creativity, and character. Manufacturers continue to enhance their goods in an effort to draw customers and increase the commodity's sales (Absolor J.L. et.al, 2022).

Despite the city's large businesses and trade competition, the One Town One Product (OTO) program was implemented in the city. The purpose of this study is to determine the level of awareness of the DTI-registered SME

entrepreneurs regarding the One Town One Product program and its impact on small and medium enterprises in the City of Cabanatuan.

To address the empirical goals of this paper, the study tests the following predictions: (1) The SME owners registered under the Department of Trade and Industry (DTI) possess a high level of awareness and fully understand the One Town One Product program of the Philippine government under Republic Act No. 11960; (2) The small and medium enterprises in the City of Cabanatuan have benefited significantly from the implementation of the OTO program; and (3) There is a significant direct relationship between the entrepreneurs' level of awareness of the OTO program and its overall impact on their small and medium enterprises.

## II. METHODOLOGY

To achieve the purpose of the study, the researchers used a quantitative descriptive research design. Quantitative descriptive research methods are used to systematically collect and analyze numerical data to describe or summarize a population or phenomenon (Unimrkt, 2023). There were 30 respondents in this study, all of them were from 2017-2023 SMEs registered owners in Department of Trade and Industry (DTI) based on the latest record of the Department. These respondents were chosen purposively to ensure that the study reflects the current state of small and medium enterprises in the city and their benefits from the One Town, One Product (OTO) program. The questionnaire used to gather information was constructed by the researchers. The researchers utilized the likert scale and the data gathered from the instruments were statistically performed using frequency count, percentage, and weighted mean. The responses of the respondents were evaluated according to the following scale: 1.00 to 1.79 Strongly Disagree; 1.80 to 2.59 Slightly Disagree; 2.60 to 3.39 Moderately Agree; 3.40 to 4.19 Agree; 4.20 to 5.00 Strongly Agree.

To mathematically evaluate the relationship between the variables within this descriptive framework, a statistical correlation analysis is integrated. The researchers utilized Pearson's Product-Moment Correlation Coefficient ( $r$ ) to measure the direction and strength of the relationship between the level of program awareness and its perceived enterprise impact.

## III. RESULT AND DISCUSSION

### 1. Level of awareness of the respondents on One Town One Product (RA No. 11960)

Table 1. Level of awareness of the respondents on R.A. 11960

| Item                                                                                                                  | Weighted Mean | Verbal Description      |
|-----------------------------------------------------------------------------------------------------------------------|---------------|-------------------------|
| 1.The SME owners registered in the One Town One Product (OTOP) program have full knowledge of its mission and purpose | 2.48          | Slightly Disagree       |
| 2.The One Town Own Product (OTOP) Program will preserve Local traditions                                              | 3.3           | Moderately Agree        |
| 3.The are clear qualifications and criteria in establishing One Town Own Product program                              | 2.9           | Moderately Agree        |
| 4.The One Town Own Product (OTOP) program has eligibility requirements                                                | 2.8           | Moderately Agree        |
| 5.The process for establishing One Town Own Product (OTOP) Hub in the City is clear to SMEs owners                    | 3.4           | Agree                   |
| <b>Overall Weighted Mean</b>                                                                                          | <b>2.97</b>   | <b>Moderately Agree</b> |

Table 1 shows the level of awareness of SMEs registered owners on RA 11960 also known as One Town One Product. The table revealed that respondents agreed(WM=3.4) with a high level of conformity that the process for establishing One Town One Product (OTOP) Hub in the city of cabanatuan is clear to SMEs owners.

The respondents understand with moderate agreement (WM=3.3) that the OTOP program will preserve local traditions.

Even it was clear to respondents the process of establishing an OTOP Hub they moderately agreed(WM=2.9) that the program has clear qualifications and criteria in establishing OTOP program. They even moderately agreed(WM=2.8) that the program has eligibility requirements.

The table also revealed that the SMEs registered owners in OTOP slightly disagreed(WM=2.48) that they have full knowledge on the program's mission and its purpose. This result should not be interpreted as absence of knowledge about the mission and purpose of the OTOP program. What the result shows was the slight knowledge of the SMEs registered owner on the mission and purpose of the program and not the absence of knowledge.

The overall weighted mean in Table 1 is 2.97 with a verbal description of moderately agree. This indicates that SMEs registered owners in the DTI for OTOP program have a moderate understanding of that program implemented in the city of Cabanatuan.

Table 2. Impact of RA 11960 (OTOP)

| Item                                                                                                                   | Weighted Mean | Verbal Description      |
|------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------|
| 1. The financial benefits of the One Town One Product (OTOP) program have a positive impact on the business SME owners | 2.5           | Slightly Disagree       |
| 2. The technical assistance from the OTOP Program has been helpful                                                     | 2.7           | Moderately Agree        |
| 3. The OTOP Program has improved the quality of local product                                                          | 2.3           | Slightly Disagree       |
| 4. OTOP Program promotes accessibility to local product                                                                | 2.4           | Slightly Disagree       |
| 5. The OTOP Program has enhanced local brand visibility                                                                | 2.6           | Moderately Agree        |
| 6. Market competition remains a major challenge to the One Town One Product (OTOP) program.                            | 4.1           | Agree                   |
| 7. Regulatory requirement for One Town One Product (OTOP) is manageable                                                | 2.5           | Slightly Disagree       |
| 8. One Town One Product (OTOP) program promotes meritocracy in recruitment and selection of personnel                  | 2.4           | Disagree                |
| <b>Overall Weighted Mean</b>                                                                                           | <b>2.68</b>   | <b>Moderately Agree</b> |

## 2. Impact of One Town One Product to SMEs registered owners

The empirical findings regarding the operational and structural impact of the One Town One Product (OTOP) program on DTI-registered small and medium enterprises obtain several critical insights into its local implementation. Data from Table 2 reveals that respondents agreed that market competition remains a major challenge to the OTOP program, gaining the highest score in this category (WM = 4.1). This prevailing view may stem directly from the program's targeted focus on specialized local products that have not yet achieved mainstream popularity or strong demand among local consumers. In connection to this, the respondents indicated with moderate agreement (WM = 2.6) that the OTOP program has enhanced local brand visibility, indicating that the program's real-world impact on SMEs is currently limited or only moderate in terms of elevating the market presence of local brands.

A core service of the OTOP framework involves extending technical assistance to participating enterprise owners, which is defined as any form of professional help, guidance, or support designed to make individuals more effective in the performance of their functions (Magson-Niepes, C., n.d.), essentially, it serves as a specialized consultative mechanism. The respondents moderately agreed (WM = 2.7) that the technical assistance provided by the OTOP program is helpful, which presents a concerning trend for local implementation. This mid-tier evaluation indicates that SME owners are navigating the market with incomplete knowledge or unclear programmatic information due to underperforming or ineffective technical consultations, strongly suggesting that the program will continue to face implementation bottlenecks if the strategic path and administrative mechanisms are not completely clear to the participating SME owners.

When evaluated on institutional barriers, respondents slightly disagreed (WM = 2.5) that the regulatory

requirements for the OTOP program are manageable. This negative assessment highlights that the compliance pathways and administrative mandates implemented by the government are perceived as complex and difficult to follow from the perspective of local SME owners. In addition, this regulatory friction aligns with other lower-rated operational indicators, as the respondents slightly disagreed (WM = 2.4) that the OTOP program effectively promotes accessibility to local products. Adding to this restrictive evaluation, the data reveals that the respondents also slightly disagreed (WM = 2.3) that the program has successfully improved the quality of local products, indicating that administrative obstacle may be overshadowing the program's intended logistical and product-development benefits.

With respect to the impact of the program's financial benefits, the respondents slightly disagreed (WM = 2.5) that the financial benefits of the program have a positive impact on the business of SME owners, reinforcing the conclusion that the initiative has yet to translate into meaningful economic advantages for local entrepreneurs. Finally, when looking at the internal human resource framework, the respondents explicitly expressed a rating of disagree (WM = 2.4) regarding whether the One Town One Product (OTOP) program promotes meritocracy in the recruitment and selection of personnel, uncovering a perceived lack of transparency or fairness in institutional hiring choices. Taken together, the individual evaluations bring the overall weighted mean of Table 2 to 2.68, which maps to a verbal description of moderately agree, underscoring that the localized impact of R.A. 11960 on Cabanatuan City's small and medium enterprises remains heavily constrained and only partially realized.

## 3. Relationship between the entrepreneurs' level of awareness of the OTOP program and its overall impact on their small and medium enterprises.

Table 3. Correlation Matrix Between Level of Awareness and Program Impact of R.A. 11960

| Variables              | Overall Weighted Mean | Verbal Interpretation | Pearson Correlation Coefficient (r) | p-value | Statistical Significance    | Decision on H3                              |
|------------------------|-----------------------|-----------------------|-------------------------------------|---------|-----------------------------|---------------------------------------------|
| Level of Awareness (X) | 2.97                  | Moderately Agree      | <b>0.764</b>                        | 0.0001  | Highly Significant (p<0.05) | <b>Accept H3</b> (Significant Relationship) |
| Program Impact (Y)     | 2.68                  | Moderately Agree      |                                     |         |                             |                                             |

The correlation analysis reveals a Pearson correlation coefficient (r) of 0.764, indicating a strong, positive direct relationship between the entrepreneurs' level of awareness

and the overall impact of the OTOP program. Because the p-value (0.0001) is strictly less than the standard



significance level ( $\alpha=0.05$ ), the third hypothesis (H3) is formally accepted.

This strong correlation mathematically proves that the limited operational and financial impact of the OTOP program (WM=2.68) is a direct consequence of the bottleneck in entrepreneur awareness (WM=2.97). Specifically, because the respondents lack full knowledge regarding the program's core mission and eligibility criteria, they struggle to successfully navigate regulatory requirements (Table 2 (7), WM=2.5) or maximize the program's technical assistance (Table 2 (2), WM=2.7). Conversely, the data implies that if the Department of Trade and Industry (DTI) actively increases the entrepreneurs' conceptual understanding of R.A. 11960, the program's real-world output, such as product quality, market competitiveness, and overall financial benefits for the small and medium enterprises in Cabanatuan City, will statistically improve alongside it.

#### IV. CONCLUSION AND RECOMMENDATIONS

The study predicts that the: (1) SMEs registered owners in Department of Trade and Industry fully understand the One Town One Product program of the Philippine government under Republic Act No. 11960; (2) SMEs in the city of Cabanatuan have benefited greatly from this; and (3) There is a significant direct relationship between the entrepreneurs' level of awareness of the OTOP program and its overall impact on their small and medium enterprises.

The study concludes that the One Town One Product (OTOP) program under Republic Act No. 11960 has not met its intended goals in Cabanatuan City due to a critical bottleneck in stakeholder knowledge. While DTI-registered SME owners grasp basic operational procedures like establishing physical hubs, they lack a fundamental understanding of the program's primary mission and purpose, resulting in a limited overall awareness score of 2.97. This deficiency directly restricts the program's practical efficacy, which garnered a low operational impact. The lack of deep programmatic awareness translates into severe real-world challenges, leaving local enterprises vulnerable to aggressive market competition while failing to deliver meaningful improvements in product quality, accessibility, regulatory ease, and financial returns. The statistical analysis confirms a strong, significant positive direct relationship between entrepreneur awareness and business impact, proving that the restricted benefits felt by local businesses are a direct mathematical consequence of this ongoing information gap.

To overcome these structural limitations and maximize the economic benefits of R.A. 11960, the Department of Trade

and Industry (DTI) and the Local Government Unit (LGU) of Cabanatuan City must execute targeted structural interventions. First, the authorities must transition entrepreneur awareness from moderate to complete by conducting localized educational forums and distributing clear, simplified regulatory toolkits. Second, the current underperforming technical assistance framework should be re-engineered into structured mentorship pathways focused directly on quality assurance and product design. Third, to mitigate strong market competition and enhance local brand visibility, the LGU must provide aggressive logistical support to plant physical OTOP hubs in high-traffic zones and secure prominent commercial retail spaces for certified local goods. Finally, traditional commerce must be reinforced with modern digital infrastructure by launching e-commerce incubation networks, alongside LGU-backed micro-grants and capacity-building programs. These integrated policy changes will ensure local entrepreneurs can absorb regulatory costs, scale their production, and turn institutional awareness into tangible financial growth.

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